

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES

Before the Commissioner of Financial and Insurance Services

In the matter of:

Northern Preferred Title Company, LLC
License No. 20-0528992

Enforcement Case No. 05-3924

Paula M. Barron
System ID No. 0072962

John P. Taylor
System ID No. 0070410

Respondents
_____ /

*Issued and entered
on 6 March, 2006
by Frances K. Wallace
Chief Deputy Commissioner*

CONSENT ORDER AND STIPULATION

A. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. At all pertinent times, Northern Preferred Title Company LLC (Northern) was a licensed resident agency authorized to conduct title insurance business in the State of Michigan.
2. At all pertinent times, Paula M. Barron (Barron) was a licensed resident producer authorized to conduct title insurance business in the State of Michigan.
3. At all pertinent times, John P. Taylor (Taylor) was a licensed resident producer authorized to conduct title insurance business in the State of Michigan. Collectively, Northern, Barron and Taylor are known as Respondents.
4. Karla Lockman was an employee of Respondent Agency during the period in question. Lockman was not a licensed resident producer. Lockman had access to and signatory authority for the bank accounts of Respondent Agency. Lockman was not bonded and was not licensed by any regulatory authority in the State of Michigan.

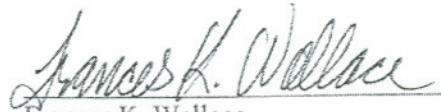
5. After a review of the Agency's accounts by Respondents Barron and Taylor and Stewart Title personnel, it was discovered that Karla Lockman had embezzled funds from the Agency escrow account. A review of Ms. Lockman's files revealed that she was depositing closing funds (earmarked for the Agency's account) to her own personal bank account. Ms. Lockman was found guilty and is serving prison time of 5 to 10 years on a felony conviction.
6. A premium audit conducted by Stewart Title's Michigan Regional Office revealed that items were missing and premiums owed. The estimated amount of funds "missing" due to Ms. Lockman's criminal activities totals over \$750,000.
7. First American Title and Stewart Title cancelled the appointment of Respondents in June and July 2005, respectively.
8. The Charlevoix County Circuit Court has appointed a receiver to liquidate the assets obtained by Karla Lockman during her criminal activities. The Respondents have no control over the liquidation or disbursement of the aforementioned assets.
9. The Respondents do not admit to having violated any law or committed any tort. The parties have entered into this agreement solely for purposes of bringing the enforcement matter to a conclusion.

B. ORDER

Based on the findings of fact and conclusions of law above and Respondents' stipulation, it is ORDERED that:

1. Respondents shall pay a fine of \$1,000.
2. Respondent Agency will henceforth require that all personnel with access to and/or signatory authority on bank accounts be bonded or have licensed resident producer status.
3. The Respondents currently have no authority or control over the assets obtained by Karla Lockman through her criminal activities. The Respondents will cooperate, to the extent possible, with the Charlevoix County Prosecutor and the Receiver duly appointed by the Charlevoix County Circuit Court relative to the disbursement of liquidated assets obtained by Karla Lockman through her criminal activities. To the extent possible, Respondents' will agree to allow individual consumers to receive first priority in the disbursement of the aforementioned liquidated assets.

4. The enforcement matter pending with OFIS will be closed.



Frances K. Wallace
Chief Deputy Commissioner